

WATER/FLC/ABJ/HJL:jlj

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION NO. W-4393

May 8, 2003

RESOLUTION

(RES. W-4393), CALIFORNIA WATER SERVICE COMPANY (CWSC), LIVERMORE, LOS ALTOS-SUBURBAN, CHICO, HERMOSA-REDONDO, BEAR GULCH, SELMA, AND MARYSVILLE DISTRICTS. ORDER AUTHORIZING SURCHARGES IN EACH DISTRICT TO RECOVER UNDER-COLLECTIONS IN PURCHASED WATER AND PURCHASED POWER BALANCING ACCOUNTS PRODUCING ADDITIONAL ANNUAL REVENUES OF \$4,212,967 OR 4.2% FOR THOSE COMBINED DISTRICTS.

SUMMARY

By Advice Letter Nos. 1525, 1526, 1527, 1528, 1529, 1533, and 1534, filed between December 18, 2002 and January 2, 2003, CWSC seeks to recover the net under-collection in the purchased water and purchased power balancing accounts as of November 29, 2001, producing additional combined annual revenues of \$4,212,967 or 4.2% for the following districts:

Livermore District: By Advice Letter No. 1525, filed on December 18, 2002, CWSC seeks revision to its tariff Schedule No. LV-1, General Metered Service, by assessing a surcharge of \$0.1535 per Ccf per customer over 24 months, to recover a \$1,191,936 or 18.3% under-collection, including interest.

Los Altos-Suburban District: By Advice Letter No. 1526, filed on December 18, 2002, CWSC seeks revision to its tariff Schedule No. LS-1, General Metered Service, by assessing a surcharge of \$0.1033 per Ccf per customer over 24 months, to recover a \$1,086,055 or 11.2% under-collection, including interest.

Chico-Hamilton City District: By Advice Letter No. 1527, filed on December 23, 2002, CWSC seeks revision to its tariff Schedules Nos. CH-1, General Metered Service, and CH-2R Residential Flat Rate Service, by assessing a surcharge of \$0.0417 per Ccf per customer and \$1.52 per customer, respectively, over 12 months to recover \$426,065 or 5.4% under-collection, including interest.

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Hermosa-Redondo District: By Advice Letter No. 1528, filed on December 23, 2002, CWSC seeks revision to its tariff Schedule No. HR-1, General Metered Service, by assessing a surcharge of \$0.1044 per Ccf per customer for 12 months to recover a \$621,163 or 4.25% under-collection, including interest.

Bear Gulch District: By Advice Letter No. 1529, filed on December 23, 2002, CWSC seeks revision to its tariff Schedule No. BG-1, General Metered Service, by assessing a surcharge of \$0.1193 per Ccf per customer to recover a \$620,130 or 4.9% under-collection, including interest.

Selma District: By Advice Letter No. 1533, filed on January 2, 2003, CWSC seeks revision to its tariff Schedule No. SL-1, General Metered Service, and SL-2R, Residential Flat Rate Service, by assessing a surcharge of \$0.0303 per Ccf per customer and \$1.0678 per customer, respectively, over 24 months to recover a \$138,550 or 7.86% under-collection, including interest.

Marysville District: By Advice Letter No. 1534, filed on January 2, 2003, CWSC seeks revision to its tariff Schedules Nos. MR-1, General Metered Service, and MR-2R Residential Flat Rate Service, by assessing a surcharge of \$0.0302 per Ccf per customer and \$0.7759 per customer, respectively over 12 months to recover a \$43,029 or 3.45% under-collection, including interest.

This resolution authorizes the above requested increases. The increases will not result in a rate of return greater than last authorized for CWSC.

By Advice Letter Nos. 1530, 1531, 1538, and 1539, filed on December 23, 2002, January 2, 2003, February 6, 2003, and February 6, 2003, respectively, CWSC seeks to recover the net under-collection in its balancing accounts producing additional combined revenues of the amounts indicated for the following districts:

Palos Verdes District: By Advice Letter No. 1530 filed December 23, 2002, CWSC seeks revision to its tariff Schedule No. PV-1, General Metered Service, by assessing a surcharge of \$0.0213 per Ccf per customer for 12 months to recover a \$170,819 or 0.8% under-collection, including interest.

Mid-Peninsula District: By Advice Letter No. 1531 filed on January 2, 2003, CWSC seeks revision to its tariff Schedule No. MD-1, General Metered Service, by assessing a surcharge of \$0.0122 per Ccf per customer for 12 months to recover a \$79,515 or 0.6% under-collection, including interest.

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East Los Angeles: By Advice Letter No. 1538 filed on February 6, 2003, CWSC seeks revision to its tariff Schedule No. EL-1, General Metered Service, by assessing a surcharge of \$0.0153 per Ccf per customer for 12 months to recover a \$257,999 or 0.8% under-collection, including interest.

Visalia: By Advice Letter No. 1539, filed on February 6, 2003, CWSC seeks revision to its tariff Schedule No. VS-1 and VS-2R, General Metered Service and Residential Flat Rate Service, respectively, by assessing a surcharge of \$0.03 per Ccf per customer on all water sold to metered customers and a surcharge of \$0.75 per month for residential flat rate customers for a period of 12 months to recover a \$317,866 or 1.9% under-collection, including interest.

BACKGROUND

CWSC serves about 16,250 metered customers in its Livermore District. The present rates for the Livermore District became effective on July 25, 2000, via Advice Letter 1482.

CWSC serves about 18,000 metered customers in its Los Altos-Suburban District. The present rates for the Los Altos-Suburban District became effective on August 8, 2000, via Advice Letter 1484.

CWSC serves about 12,700 metered customers and 11,300 flat-rate customers in its Chico-Hamilton City District. The present rates for the Chico-Hamilton District became effective on July 7, 1999, via Decision (D.) 99-05-018.

CWSC serves about 25,500 metered customers in its Hermosa-Redondo District. The present rates for the Hermosa-Redondo District became effective on August 15, 2001, via Advice Letter 1493-A.

CWSC serves about 17,350 metered customers in its Bear Gulch District. The present rates for the Bear Gulch District became effective on February 6, 2002, via Advice Letter 1511.

CWSC serves about 23,650 metered customers in its Palos Verdes District. The present rates for the Palos Verdes District became effective on August 16, 1999, via Advice Letter 1472-A.

CWSC serves about 35,300 metered customers in its Mid-Peninsula District. The present rates for the Mid-Peninsula District became effective on July 25, 2000, via Advice Letter 1481.

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CWSC serves about 25,600 metered customers in its East Los Angeles District. The present rates for the East Los Angeles District became effective on January 1, 2002, via Advice Letter 1502.

CWSC serves about 11,500 metered and 17,000 flat rate customers in its Visalia District. The present rates for the Visalia District became effective on May 28, 1999 via Advice Letter 1469.

CWSC serves about 2,500 metered customers and 2,800 flat rate customers in its Selma District. The present rates for the Selma District became effective on January 1, 2000, via Advice Letter 1504, which authorized an attrition rate increase.

CWSC serves about 1,100 metered customers and 2,600 flat-rate customers in its Marysville District. The present rates for the Marysville District became effective on January 1, 1999, via Advice Letter 1461, which authorized an attrition rate increase.

CWSC requests authority under Section VI of General Order 96-A and Section 454 of the Public Utilities Code to increase annual revenue in the following districts to recover under-collections in their respective purchased water and purchased power balancing accounts:

- Livermore District - \$1,191,936 or 18.3%
- Los Altos-Suburban District - \$1,086,055 or 11.2%
- Chico-Hamilton City District - \$426,065 or 5.4%
- Hermosa-Redondo District - \$621,163 or 4.25%
- Bear Gulch District - \$620,130 or 4.9%
- Palos Verdes District - \$170,819 or 0.8%
- Mid-Peninsula District - \$79,515 or 0.6%
- East Los Angeles District - \$257,999 or 0.8%
- Selma District - \$138,550 or 7.86%
- Marysville District - \$43,029 or 7.86%
- Visalia District - \$317,866 or 1.9%

The above-mentioned Advice Letter filings meet the requirements of Ordering Paragraph 2 of Commission Decision No. (D.) 12-12-055, dated December 17, 2002. This ordering paragraph is discussed in the Discussion section of this resolution.

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DISCUSSION

Advice Letter Nos. 1525 through 1529, 1530, 1531, 1533, 1534, 1538, and 1539 were filed in compliance with Ordering Paragraph 2 of D.02-12-055 which states:

“Utilities requesting recovery of existing balancing accounts prior to November 29, 2001 shall file, within 90 days from the effective date of this decision, advice letters requesting recovery pursuant to the existing balancing account procedures.”

The existing procedure for recovery of balancing accounts is as follows:

(1) Utilities, at their option, may request a surcharge once under-collections reach 2%;
(2) Otherwise, balancing account review and recovery of remaining balances are processed at the time of the utility’s next General Rate Case. The recovery requested in Advice Letter Nos. 1530, 1531, 1538, and 1539 are for recovery of under-collection balances which are less than 2%. Consistent with existing balancing account procedures, the Water Division (Division) recommends that recovery sought in Advice Letter Nos. 1530, 1531, 1538, and 1539 be denied in this resolution and that CWSC request recovery in the next General Rate Case for its Palos Verdes, Mid-Peninsula, East Los Angeles and Visalia Districts.

The Division has reviewed CWSC’s requests and supporting workpapers for Advice Letter Nos. 1525 through 1529, 1533, and 1534 and determines them to be reasonable. Therefore, the Division recommends that CWSC be authorized to increase revenue in each of its Districts as follows:

<u>District</u>	<u>Ccf Surcharge</u>	<u>Flat Rate Surcharge</u>	<u>Revenue Increase</u>
Livermore (24 months)	\$0.1535		\$1,191,936 or 18.3%
Los Altos (24 months)	\$0.1033		\$1,086,055 or 11.2%
Chico-Hamilton City (12 months)	\$0.0417	\$ 1.52	\$ 426,065 or 5.4%
Hermosa-Redondo (12 months)	\$0.1044		\$ 621,163 or 4.25%
Bear Gulch (12 months)	\$0.1193		\$ 620,130 or 4.9%
Selma (24 months)	\$0.0303	\$1.0678	\$ 138,550 or 7.86%
Marysville (12 months)	\$0.0302	\$0.7759	\$ 43,029 or 3.45%

NOTICE AND PROTESTS

CWSC has given public notice of the request for an increase by publishing in a local newspaper per the following table:

<u>District</u>	<u>Publication Date of Notice</u>
Livermore	January 8, 2003
Los Altos	January 10, 2003
Chico-Hamilton City	January 8, 2003
Hermosa-Redondo	January 7, 2003
Bear Gulch	January 8, 2003
Palos Verdes	January 9, 2003
Mid-Peninsula	January 8, 2003
East Los Angeles	February 19, 2003
Visalia	February 19, 2003
Selma	January 8, 2003
Marysville	January 7, 2003

Proof of Publication has been provided to staff and no protest letters were received.

FINDINGS

1. CWSC filed Advice Letter Nos. 1525 through 1529, 1530, 1531, 1533, 1534, 1538, and 1539 for eleven of its Districts, in compliance with Ordering Paragraph No. 2 of D.02-12-009 which states:

"Utilities requesting recovery of existing balancing accounts prior to November 29, 2001 shall file, within 90 days from the effective date of this Decision, advice letters requesting recovery pursuant to the existing balancing account procedures."

2. Existing procedure for recovery of balancing accounts is as follows:
(1) Utilities, at their option, may request a surcharge once under-collections reach 2%; (2) Otherwise, balancing account review and recovery of remaining balances are processed at the time of the utilities next general rate case.
3. The recovery requested in Advice Letter Nos. 1530, 1531, 1538, and 1539 for the Palos Verdes, Mid-Peninsula, East Los Angeles, and Visalia Districts, respectively, are less than 2%, therefore, these requests should be denied and incorporated in the next General Rate Cases for the Palos Verdes, Mid-Peninsula, East Los Angeles, and Visalia Districts.

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4. The Commission finds, after investigation by the Water Division, that the changes requested by CWSC in Advice Letter Nos. 1525 through 1529, 1533, and 1534, are justified and the resulting rates are just and reasonable.

THEREFORE IT IS ORDERED THAT:

1. California Water Service Company, is authorized five days after the effective date herein, to make effective revised rates Schedules Nos. LV-1, General Metered Service; LS-1, General Metered Service; CH-1, General Metered Service; CH-2R, Residential Flat Rate Service; HR-1, General Metered Service; BG-1, General Metered Service; SL-1, General Metered Service; SL-2R, Residential Flat Rate Service; MR-1, General Metered Service; and MR-2R, Residential Flat Rate Service, as attached to Advice Letter Nos. 1525 through 1529 and 1532 through 1534, and to concurrently cancel the presently effective rate schedules.
2. California Water Service Company requests to revise rates as requested in Advice Letter Nos. 1530, 1531, 1538, and 1539 are denied.
3. California Water Service Company is authorized to incorporate the requests of Advice Letter Nos. 1530, 1531, 1538, and 1539 into the next General Rate Case Application for its Palos Verdes, Mid-Peninsula, East Los Angeles, and Visalia Districts or to seek said recovery as otherwise authorized by this Commission.
4. Future recovery from balancing accounts identified in Advice Letter Nos. 1530, 1531, 1538, and 1539 shall be limited to the under-collection effective November 29, 1001 plus interest until the date of recovery.
5. California Water Service Company is directed to keep maintaining its balancing accounts as required by Public Utilities Code Section 792.5.
6. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on May 8, 2003; the following Commissioners voting favorably thereon:

WILLIAM AHERN
Executive Director

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